



American AgCredit

MONEY FOR AGRICULTURE

A Message From Ron Carli, President and CEO

THIRD QUARTER AND YEAR-TO-DATE FINANCIAL PERFORMANCE:

American AgCredit had a strong third quarter and continues to turn in robust year-to-date performance.

Your Association's net income for the quarter totaled \$13.5 million, a 13% increase over the same quarter last year. For the nine months ended September 30, 2005, American AgCredit posted \$36.6 million in net income.

Net interest income for the third quarter was \$20.8 million, an 11.4% increase over the same quarter of 2004. For the nine months ending September 30, 2005, net interest income equaled \$60.5 million.

As US AgBank is also having a strong year, the patronage dividends we've received from US AgBank totaled \$7.3 million for the first nine months of this year. Net income was also boosted by a larger than planned reversal of the provision for loan losses, which is reflective of the Associations' top credit quality.

Total assets at September 30, 2005 equaled \$2.7 billion. Consistent with American AgCredit's focus on top credit quality, loan volume has been growing gradually, with performing loans increasing to \$2.546 billion at September 30, 2005, \$37.1 million higher than the previous quarter end.

The H Stock program continues to be a favorite. With our H Stock rate currently at 3.75%, the H Stock balance was \$69.5 million at quarter end.

HORIZONS PROJECT: I am very enthused by the progress made on the Horizons Project. We have 21 recommendations, most of which are regulatory in nature (meaning that they do not require that Congress pass changes to laws). These recommendations will allow us to work further with the Farm Credit Administration regulators to expand the product offerings and services that we can provide our customers. We hope that as our customers diversify their investments, we will be able to provide them with additional financing alternatives.

On the legislative front, there are proposed changes and these recommendations will be considered when there is a new farm bill, currently slated for 2007.

In my 27-year career with the Farm Credit system, I have never seen such system-wide support and energy for anything as there is for the changes coming from the Horizons Project. Because the system is so unified together in pushing these changes forward, we expect to see challenges from the



Independent Bankers Association. I am confident though, that the Farm Credit system banks are up to those challenges. I view this as a marathon, not a sprint, but in the end, it will be well worth the time and energy we've all invested.

COMMITMENT TO PROVIDE SERVICE, PRODUCTS AND CREDIT:

American AgCredit remains committed to giving you top quality service, credit products, and the best rates available, while striving to meet all of your agricultural financing needs. We know that the competition is strong. We appreciate you, our valued customers, very much, and we are fully committed to do all that is possible to continue to earn your business every day! ♦

Former American AgCredit Chairman Elected to District Board

John Eisenhut, former Chairman of the Board of American AgCredit, was elected to a one-year term on the Board of Directors of U.S. AgBank, FCB, effective October 1, 2005.

Mr. Eisenhut is an almond grower in the San Joaquin Valley and Manager of Grower Relations for Hilltop Ranch, an almond processor. He also served on the AgBank District Stockholders Advisory Committee and the AgBank District Farm Credit Council. He is a member and former officer of the Stanislaus County Farm Bureau. Mr. Eisenhut has a Bachelors Degree and a Masters Degree in Economics from the University of California-Santa Barbara, and an MBA from California State University-Stanislaus.



Other members of the U.S. AgBank, FCB Board include J. "Less" Guthrie, Chairman, Porterville, California; Wayne Allen, Nevada City, California; Wesley D. Brantley,

Jr., Ada, Oklahoma; John J. "Jack" Breen, Middletown, New Jersey; Oghi A. "Tony" DeGiusti, Jr., Tuttle, Oklahoma; Earl J. Dolcini, Petaluma, California; Lyle H. Gray, Leon, Kansas; George Jenik, Sedgwick, Colorado; Marvin W. Lohse, Glenn, California; Glen A. "Andy" Rector, Agate, Colorado; Sheldon D. Richins, Henefer, Utah; Edward L. Schenk, Chickasha, Oklahoma; Kenneth Shaw, Mountainair, New Mexico; Donnell Spencer, Richfield, Utah; and Robert J. "Bob" Wietharn, Clay Center, Kansas.

U.S. AgBank, FCB, with assets of approximately \$17 billion, provides wholesale loan funds and financial services to Farm Credit Associations and Other Financial Institutions (OFIs). ♦

Young Farmer and Rancher Institute

American AgCredit, together with FCS Southwest, will once again host a financial seminar for young farmers and ranchers.

The Young Farmer and Rancher

Institute will be held Feb. 23-25, 2006 in Carlsbad, California.

Over three days, participants will be provided information about financial tools, estate planning

and other financial management measures.

If you are interested in participating in this Institute, please contact Terry Lindley at (800) 800-4865. ♦

Economic and Interest Rate Projections

FORECASTS COURTESY OF INSIGHT ECONOMICS, LLC • PREPARED 10/24/05

	GDP (% AR)	UNEM- PLOYMENT (%)	CPI (% AR)	INTEREST RATES (%)						
				FED FUNDS	3-MONTH LIBOR	6-MONTH LIBOR	US TREASURY SECURITIES			
							2-YEAR	5-YEAR	10-YEAR	30-YEAR
2005										
Q1	3.8	5.3	2.4	2.47	2.8	3.0	3.4	3.9	4.3	4.7
Q2	3.4	5.1	4.2	2.94	3.2	3.5	3.6	3.9	4.2	4.4
Q3	4.0	5.0	5.1	3.46	3.7	3.9	4.0	4.0	4.2	4.5
Q4	2.3	5.0	1.5	3.97	4.2	4.4	4.4	4.5	4.5	4.8
2006										
Q1	3.3	5.0	2.5	4.42	4.6	4.8	5.0	5.0	5.1	5.3
Q2	2.8	4.9	3.0	4.50	4.7	4.8	4.9	5.0	5.1	5.3
Q3	3.3	4.9	2.7	4.13	4.3	4.5	4.6	4.8	5.0	5.1
Q4	3.0	4.8	2.9	4.00	4.2	4.4	4.5	4.6	4.8	5.0

Financial Statements

(Unaudited and in \$000s)

STATEMENT OF CONDITION	Sept. 30		Dec. 31	
	2005	2004	2004	2003
ASSETS				
Loans	\$2,559,134	\$2,555,554	\$2,626,264	\$2,552,218
Less: allowance for loan losses	(7,100)	(10,322)	(12,164)	(40,495)
Net Loans	2,552,034	2,545,232	2,614,100	2,511,723
Investment in the U.S. AgBank	95,984	94,067	94,472	92,983
Investment in CoBank	9,136	8,764	8,764	8,226
Accrued interest receivable	37,786	31,488	22,811	23,579
Premises and equipment	21,135	15,648	16,671	14,257
Other Assets	11,989	7,629	7,222	8,500
Total Assets	\$2,728,064	\$2,702,828	\$2,764,040	\$2,659,268
LIABILITIES				
Note payable to U.S. AgBank	\$2,105,634	\$2,089,464	\$2,179,179	\$2,127,373
Funds Held Accounts	27,261	35,735	36,971	25,317
Accrued interest payable	7,362	5,105	5,955	4,668
Other liabilities	24,057	16,297	32,012	16,735
Total Liabilities	2,164,314	\$2,146,601	\$2,254,117	\$2,174,093
MEMBERS' EQUITY				
Common stock and participation certificates	\$3,289	\$3,754	\$3,682	\$3,854
Preferred stock	69,524	96,096	50,190	73,912
Unallocated retained earnings	490,937	456,377	456,051	407,409
Total Members' Equity	563,750	556,227	509,923	485,175
Total Liabilities and Members' Equity	\$2,728,064	\$2,702,828	\$2,764,040	\$2,659,268

STATEMENT OF INCOME	For the three months ended Sept. 30		For the nine months ended Sept. 30	
	2005	2004	2005	2004
Interest income	\$40,799	\$32,443	\$115,140	\$94,447
Interest expense	(19,974)	(13,758)	(54,656)	(39,016)
Net interest income	20,825	18,685	60,484	55,431
Other income	1,033	1,079	4,774	5,252
Reversal of Loan Loss Provision	2,652	2,078	4,860	30,344
Operating and other expenses	(11,053)	(10,423)	(33,285)	(32,618)
Income before taxes	13,457	11,419	36,833	58,409
Benefit (Provision) for income taxes	75	541	(254)	(7,848)
Net income	\$13,532	\$11,960	\$36,579	\$50,561

American AgCredit, ACA

CENTRAL REGION

CORPORATE OFFICE
200 Concourse Boulevard
Santa Rosa, CA 95403
707/545-1200

SANTA ROSA OFFICE
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707/545-7100

PETALUMA
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Petaluma, CA 94954
707/793-9023

ST. HELENA
1101 Vintage Avenue
St. Helena, CA 94574
707/963-9437

UKIAH
455 E. Gobbi Street
Ukiah, CA 95482
707/462-6531

SALINAS REGION

SALINAS
924 E. Blanco Road
Salinas, CA 93901
831/424-1756

CENTRAL VALLEY REGION

LOS BANOS
515 J Street
Los Banos, CA 93635-4212
209/826-0320

MERCED
711 W. 19th Street
Merced, CA 95340-4606
209/384-1050

OAKDALE
700 N. Yosemite
Oakdale, CA 95361-2629
209/847-0353

TURLOCK
3201 W. Monte Vista Avenue
Turlock, CA 95380-3936
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NORTHERN REGION

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Eureka, CA 95503
707/445-8871

SOUTHERN CALIFORNIA REGION

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Indio, CA 92201-4631
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Riverside, CA 92507-6096
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STOCKTON REGION

STOCKTON
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209/931-3770

INTERMOUNTAIN REGION

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Fallon, NV 89406
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